



625 State Street, PO Box 2207
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mvphealthcare.com

August 29, 2017

Mr. Kevin Ruggeberg, ASA, MAAA
Lewis & Ellis, Inc.
P.O. Box 851857
Richardson, TX 75085

Re: 1Q/2Q 2018 Vermont Small Group AR42 Rate Filing
SERFF Tracking #: MVPH-131146158

Dear Mr. Ruggeberg:

This letter is in response to your correspondence received 08/22/17 regarding the above mentioned rate filing. The responses to your questions are provided below.

1. Please clarify whether experience for the various riders included in the filing is included in the base period experience.

Response: Rider experience is included in the base period claims data.

2. Provide support for the assumed 2.0% load for the Health Insurer Fee.

Response: Please see the tab labeled "Question #2" in the attached Excel file. Please note that MVP is using estimated 2017 revenue based on its internal budget. Also, please note that since MVP operates in more than one state, this premium is not reflective of Vermont-specific business.

3. Please confirm whether the age factors used to reflect the aging on this block are based on the LG age/gender factors, as in the prior small-group grandfathered filing, or some other source.

Response: MVP has continued to use the factors that were used in the previous version of this filing (that were based on the LG age/gender factors from 1Q 2017). Because the LG age/gender factors are translated up or down based on the LG average age/gender factor, the relativities between age cohorts is maintained over time. Therefore, any version of the same base age/gender can be used interchangeably.

4. Please support the 2018 inpatient and outpatient annual unit cost trends shown in Exhibit 2a.

Response: This response is deemed confidential and will be provided under separate cover.

5. Please clarify what costs are represented by the \$0.45 PMPM "ACRH Payments" line item in the capitations build-up.

Response: These costs represent the net impact of transactions between MVP and providers that are not handled through MVP's medical FFS claims warehouse but are reconciled separately using manual methods. Examples of these include claim adjustments or retroactive fee schedule changes.



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If you have any questions or require any additional information, please contact me at 518-386-7213.

Sincerely,

A handwritten signature in black ink, appearing to read "E. Bachner", written in a cursive style.

Eric Bachner, ASA
Senior Actuarial Analyst
MVP Health Care